

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7230

BILL NUMBER: HB 1173

NOTE PREPARED: Jan 29, 2009

BILL AMENDED: Jan 26, 2009

SUBJECT: Small Loans and Check Cashing Transactions.

FIRST AUTHOR: Rep. Riecken

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

It specifies that the limits on the finance charges that may be imposed in connection with a small loan apply to the loan's principal.

It provides that the pamphlet required to be provided by a small loan lender to a borrower must, after July 1, 2009, contain information on other loans and financial products that may be available to the borrower.

It provides that the pamphlet shall be prescribed by the Director of the Department of Financial Institutions (DFI).

It requires a licensed casher of checks to submit an annual report to the DFI that includes certain information concerning the check cashing transactions conducted by the licensee at the licensee's Indiana locations during the previous calendar year.

Effective Date: (Amended) July 1, 2009.

Explanation of State Expenditures: (Revised) The bill could increase costs for the DFI to receive annual reports from licensed check cashers. These additional costs are expected to be minimal. Also, the DFI may examine the books, accounts, and records of a licensed check casher and may make investigations to determine compliance. Having annual reports available may reduce costs for collecting information for examinations or investigations.

Explanation of State Revenues: A violation by a licensed check casher is a Class A misdemeanor. There are no data available to indicate if more licensed check cashers will be convicted of an offense if they are required to provide annual reports to the DFI.

If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class A misdemeanor is \$5,000. Criminal fines are deposited in the Common School Fund.

If the case is filed in a circuit, superior, or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$7), judicial salaries fee (\$18), public defense administration fee (\$3), court administration fee (\$5), judicial insurance adjustment fee (\$1), and the DNA sample processing fee (\$1) are deposited into the state General Fund.

Explanation of Local Expenditures: A Class A misdemeanor is punishable by up to one year in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

Explanation of Local Revenues: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. In addition, several additional fees may be collected at the discretion of the judge and depending upon the particular type of criminal case.

State Agencies Affected:

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources:

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